
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that as the number of
2 elderly individuals in the State increases, it is important to
3 allow these individuals to age-in-place with the help of family,
4 caregivers. Enabling these elderly individuals to remain in
5 their own, or their families', homes will allow them to live
6 happier and healthier lives and allow the State to benefit from
7 the value of the services provided by family caregivers through
8 the deferral of paid caregiving and institutionalization.

9 Unfortunately, many homes are not readily equipped with the
10 safety and accessibility measures necessary to facilitate caring
11 for elderly or disabled individuals. Many elderly or disabled
12 individuals require modifications for increased accessibility
13 when entering and exiting their home and to maneuver within
14 their home. Safety features are also necessary for using the
15 facilities in a bathroom, such as the sink, toilet, tub, or
16 shower. Increased support and services must be provided to
17 family caregivers to facilitate family caregiving and aging-in-



1 place efforts. Although these types of modifications to a home
2 can be very costly, it is more costly to move an elderly
3 individual into an outside care facility, if such a facility is
4 even available.

5 The purpose of this part is to provide a refundable tax
6 credit for taxpayers who make modifications to their homes to
7 accommodate individuals with disabilities or facilitate
8 aging-in-place. In addition, this Act is aimed at providing tax
9 incentives to taxpayers who include assistive devices in their
10 home modifications to benefit a person with a disability or to
11 facilitate aging-in-place.

12 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 "§235- Home accessibility features for the disabled tax
16 credit. (a) Each individual taxpayer who files an individual
17 income tax return for a taxable year, and who is not claimed or
18 is not otherwise eligible to be claimed as a dependent by
19 another taxpayer for federal or Hawaii state individual income
20 tax purposes, may claim a home accessibility features for the
21 disabled tax credit against the taxpayer's net individual income



1 tax liability for the taxable year for which the individual's
2 income tax return is being filed; provided that:

3 (1) An individual who has no income or no income taxable
4 under this chapter and who is not claimed or is not
5 otherwise eligible to be claimed as a dependent by a
6 taxpayer for federal or Hawaii state individual income
7 tax purposes may claim this tax credit;

8 (2) A husband and wife filing separate returns for a
9 taxable year for which a joint return could have been
10 filed by them shall claim only the tax credit to which
11 they would have been entitled had a joint return been
12 filed; and

13 (3) No tax credit may be claimed for amounts less than \$1.

14 (b) The tax credit for each taxpayer under this section
15 shall be equal to a fixed percentage of the qualified costs
16 incurred by the taxpayer to renovate a residence to provide
17 handicapped accessibility or aging-in-place improvements that
18 are based upon the following schedule; provided that the maximum
19 allowable credit for each of the following taxpayers shall be:

20 (1) \$5,000 for a taxpayer filing as single or married
21 filing separately;



- 1 (2) \$7,500 for a taxpayer filing as head of household or
2 as a surviving spouse; or
3 (3) \$10,000 for taxpayers filing a joint return.

4 TAX CREDIT SCHEDULE

5 <u>Adjusted Gross Income</u>	<u>Percentage of Qualified Costs</u>
6 <u>Under \$30,000</u>	<u>50%</u>
7 <u>\$30,000 to under \$50,000</u>	<u>35%</u>
8 <u>\$50,000 to under \$75,000</u>	<u>20%</u>
9 <u>\$75,000 and over</u>	<u>5%</u>

10 (c) To qualify for the income tax credit:

11 (1) All qualified costs must be incurred in Hawaii and be
12 subject to chapter 237;

13 (2) The residence for which qualified costs are incurred
14 must be located in Hawaii; and

15 (3) At least one elderly person or person with a
16 disability must physically reside in the renovated
17 residence for which a credit is claimed under this
18 section.

19 (d) The basis of the renovated residence for which a
20 credit is claimed under this section shall be reduced by an
21 amount equal to the credit allowable and claimed. In the
22 alternative, the taxpayer shall treat the amount of the credit



1 allowable and claimed as a taxable income item for the taxable
2 year in which the residence is disposed.

3 (e) The credit allowed under this section shall be claimed
4 against the net income tax, if any, imposed by this chapter for
5 the taxable year in which the credit is properly claimed. If
6 the tax credit under this section exceeds the taxpayer's net
7 income tax liability, any excess of the tax credit shall be
8 refunded to the taxpayer; provided that no refund or payment on
9 account of the tax credit allowed by this section shall be made
10 for any amounts less than \$1.

11 (f) If a taxpayer claims the cost of accessibility
12 features as a tax deduction or for claiming another tax credit
13 under this chapter or as a tax credit, then no tax credit shall
14 be claimed under this section.

15 (g) As used in this section:

16 "Accessibility features" means:

17 (1) A no-step entrance allowing access into the residence;

18 (2) Lifts or lift mechanisms that assist a person with
19 vertical movement for entry into or access within a
20 residence;

21 (3) Expanding the width of doorways, hallways, or
22 entryways to provide at least a thirty-two inch



1 clearance for purposes of entry into or access within
2 a residence;

3 (4) Reinforcements in bathroom walls and installation of
4 grab bars around the toilet, tub, and shower;

5 (5) Light switches and outlets placed in wheelchair-
6 accessible locations; and

7 (6) Other universal design features or accessibility or
8 adaptability features prescribed in building codes of
9 any county that are approved by the director of
10 taxation.

11 "Aging-in-place" means renovations made to a residence to
12 accommodate necessary life activities of an elderly person,
13 including mobility, accessibility, safety, and hygienic
14 modifications.

15 "Disability" means a physical or mental impairment that
16 substantially limits one or more of an individual's major life
17 activities.

18 "Elderly person" means an individual who has attained the
19 age of sixty-five before the close of the taxable year in which
20 a tax credit is claimed under this section.



1 "Qualified costs" means the following direct costs incurred
2 by the taxpayer to renovate a residence to provide handicapped
3 accessibility or aging in place:

4 (1) Plans, designs, construction, alteration, or
5 modification of a residence determined to be necessary
6 improvements for medical purposes by a medical doctor
7 licensed to practice in the State. The director of
8 taxation may require verification by a person's
9 medical doctor in order to ascertain the validity of
10 any such costs;

11 (2) Ramps for gaining entry into or access within a
12 residence;

13 (3) Lifts or lift mechanisms that assist a person with
14 vertical movement for gaining entry into or access
15 within a residence;

16 (4) Expanding the width of doorways, hallways, or
17 entryways for purposes of gaining entry into or access
18 within a residence;

19 (5) Grab bars or other devices used to stabilize a person
20 within a residence in areas including, but not limited
21 to, bathrooms, hallways, and sitting areas; and

22 (6) Any other costs approved by the director of taxation.



1 "Residence" means the taxpayer's "principal residence"
2 within the meaning of section 121 (with respect to exclusion of
3 gain from sale of principal residence) of the Internal Revenue
4 Code.

5 (h) The director of taxation may adopt rules under chapter
6 91 and prepare any forms necessary to carry out this section."

7 SECTION 3. New statutory material is underscored.

8 SECTION 4. This Act shall take effect upon its approval
9 and shall apply to taxable years beginning after December 31,
10 2050.



Report Title:

Tax Credits; Home Modification; Aging-in-Place; Disabled

Description:

Provides a tax credit for modifications to homes to accommodate persons with disabilities and to facilitate aging-in-place.

(SB2047 SD3)

